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TO RUEHC/SECSTATE WASHDC PRIORITY 0533

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

RUCNMEM/EU MEMBER STATES COLLECTIVE

RUEHAK/AMEMBASSY ANKARA 3575

RUEHBJ/AMEMBASSY BEIJING 1393

RUEHKO/AMEMBASSY TOKYO 1260

RUEHIT/AMCONSUL ISTANBUL 1829

RUEATRS/DEPT OF TREASURY WASHDC

RUEHC/DEPT OF AGRICULTURE WASHDC

RUCPDOC/DEPT OF COMMERCE WASHDC

RHEHNSC/NSC WASHDC

RHMFISS/CDR USCENTCOM MACDILL AFB FL

RUEAIIA/CIA WASHDC

RHEFDIA/DIA WASHDC

RUEKJCS/Joint STAFF WASHDC

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RUEHVEN/USMISSION USOSCE 2376

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000409

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STATE FOR SCA/CEN, EEB

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TAGS: PGOV PREL PHUM ECON FAGR TX

SUBJECT: TURKMENISTAN: ILKINJILER FARMERS ASSOCIATION

MANAGERS REPORT REAL PROGRESS, BUT REMAIN CAUTIOUS

REF: 07 ASHGABAT 1068

Classified By: CDA Richard E. Hoagland: 1.4 (B), (D).

¶1. (SBU) SUMMARY: The Ilkinjiler Farmer's Association is an organization for farmers engaged in private farming. Ilkinjiler managers -- all three alumni of the Cochran Farmer-to-Farmer Program -- told Emboff March 27 that they are seeing some improvement in their relationship with the government. For example, of a list of 13 suggestions that Ilkinjiler submitted to the government on how to improve the business climate, two suggestions -- concerning long-term land leases and private equipment purchases -- are already in effect. While the managers are energized by the fact that Ilkinjiler is in negotiation with a private Russian firm to export fresh and dried fruits and vegetables to stock 18 stores in the Orlovsk region, these activists also noted shortcomings and obstacles to true private-sector growth in Turkmenistan. Ilkinjiler's transformation in just a little more than a year from a suspect organization facing frequent and heavy harassment to an almost mainstream organization with apparently much improved relations with the government illustrates real change. It also suggests Berdimuhamedov's rhetoric about market economy is sincere rather than simply for Western consumption, as is sometimes alleged. END SUMMARY.

¶2. (C) Ilkinjiler is a cooperative organization for farmers that operates in Baymuraly in the province of Mary. The organization has grown significantly -- from 65 original farmer members in Mary to 15 groups of farmers consisting of 65 members in each group. Ilkinjiler is beginning to expand its work to all provinces. The organization's managers added that grants from the U.K. Embassy and from the U.S. Embassy's Public Affairs Section and USAID would help them to bring to this expansion to fruition. At Ilkinjiler's office, members can obtain advice on economics and finance, law, writing business plans, and applying for credit, as well as use fax

machines, telephones, and printers. Ilkinjiler's management says that its real value-added is information on new laws, grants, and business registration. Members are still having problems with obtaining registration, but are working together to find a way to meet their goals. While independent farmers are still obliged to work for the state, movement in other areas has given them hope that they are achieving progress.

NOT OPTIMISTIC ON LEGISLATION...

¶13. (C) According to Ilkinjiler management -- all Cochran alumni -- the 1995 Law on Household Farms (with additions in 1997) is not really in effect. "They just talk about it on television," the farmers said. They also said that the Land Law of 2004 is also still not enforced.

...BUT THE GOVERNMENT IS LISTENING

¶14. (C) Ilkinjiler management was thrilled that, out of a list of 13 suggestions signed by 300 farmers that Ilkinjiler sent to the president's office, Parliament, Minister of Agriculture, and the governor of Mary province, some of these suggestions are now being implemented. Now farmers are able to lease land for 10-40 years, whereas before they had to renew leases annually. Also, they now have the right to buy equipment on their own, without having to go through the state. However, individual farmers need smaller equipment, and therefore they often buy Belarusian equipment.

AND THE CHAMBER OF COMMERCE SENDS THEM PRIVATE CUSTOMERS

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¶15. (C) The "Bezhiy Lug" company from the Orlovsk region of Russia contacted the Chamber of Commerce of Turkmenistan to find private growers of produce who would export their goods on a long-term basis. Ilkinjiler is thrilled that the Chamber mentioned their organization as a potential trade partner for a foreign company and views this also as a positive step forward in its relationship with the Government of Turkmenistan. Officials from Bezhiy Lug are planning to come to Turkmenistan soon to finalize an agreement to purchase from Ilkinjiler a wide variety of fresh and dried vegetables and fruits for its 18 stores. Ilkinjiler management mentioned that their members discussed whether or not to pursue this deal when they were first contacted, and that they agreed as a group that it was a good idea.

ALWAYS SOME COMPLAINTS

¶16. (C) The Chamber of Commerce of Turkmenistan intends to take over the Union of Entrepreneurs and re-register it under its own organization. Ilkinjiler management objects to this move because the Union of Entrepreneurs is the only private organization that actively works on behalf of business rights of individuals. Members of Ilkinjiler's management team also reported that rumors are floating around that a large chicken farm owned by President Berdimuhamedov received a significant amount of credit. Ilkinjiler also said that authorities from the Turkmenkala region in the province of Mary are still loathe to approve local projects using grant money, because it creates difficulties for grantees.

PRAISE FOR COCHRAN PROGRAM

¶17. (SBU) The Ilkinjiler managers said that they really appreciated their experience on the Cochran Farmer-to-Farmer Program. They praised the meetings they had. As a result of their experience, Cochran participants return to Turkmenistan with much energy and enthusiasm. The managers would like to organize an exchange of Future Farmers. One of the Ilkinjiler managers who recently returned from the United States wants to organize -- in conjunction with the Government of Turkmenistan -- roundtables, meetings, and women's and children's clubs. After visiting organic stores

in the U.S., she was inspired to produce and sell organic humus, a project that she has already begun.

¶18. COMMENT: In comparison with a meeting in September (reftel), this meeting was quite upbeat. The Ilkinjiler managers even said that they've begun cotton sowing in Mary and have hopes for a good wheat crop this season because the extreme cold this winter was good for the dormant seeds. If they get enough irrigation water, they should reap about 600 or 700 thousand tons of wheat. Most of all, however, they are pleased with the evolution of their relationship with the Government of Turkmenistan. Just a few years ago, one of their leaders was imprisoned, and others were experiencing serious official harassment. The risks that they have taken prove their commitment to their cause, while their newly mainstream image shows that things are indeed changing. It also suggests Berdimuhamedov's rhetoric about market economy is sincere rather than simply for Western consumption, as is sometimes alleged. END COMMENT.

HOAGLAND